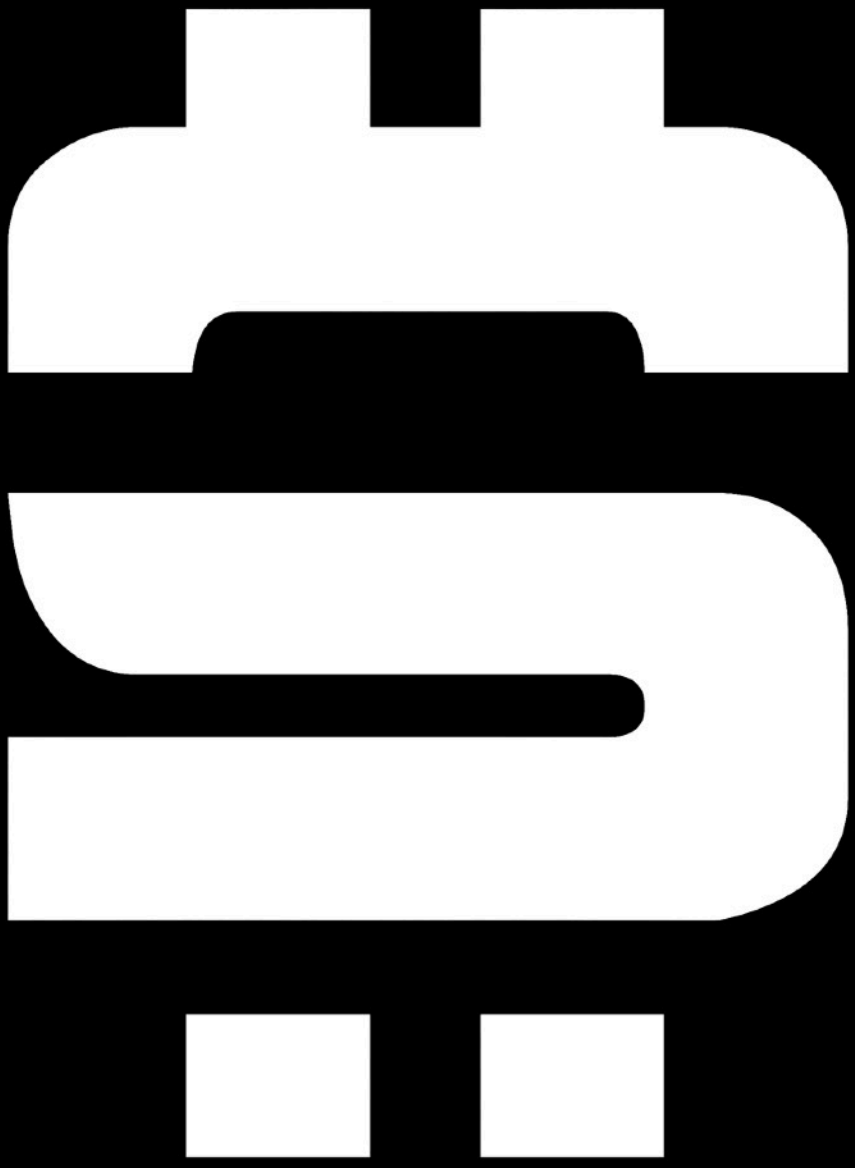

THE FLUX CAPACITY

SUM BUNNY

ON MONEY

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A Thermodynamic Monetary Policy Framework

By Sum Bunny

2026

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THE FLUX CAPACITY

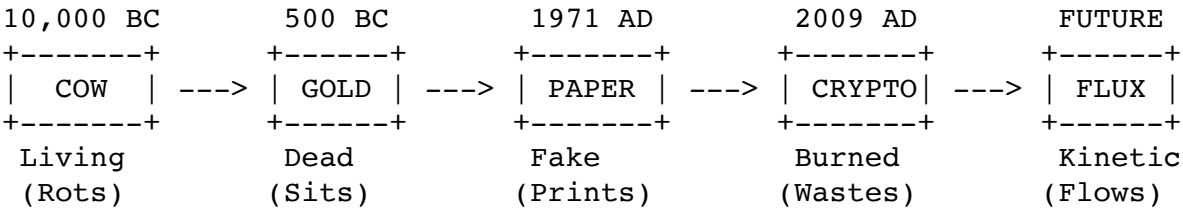
A Thermodynamic Monetary Policy Framework
By Sum Bunny

PROLOGUE: A Brief History of Frozen Value

The Systemic Necrosis To understand the current economic stagnation, one must examine the technology of "Money." For 5,000 years, humanity has optimized for a single engineering goal: **Freezing Value.**

We attempt to treat money as a "Store of Value"—a Stone. But an economy is a metabolic system, and money is the blood. If blood stops moving to "store oxygen," the organism dies.

The Evolution of Money



1. The Living Era (Commodity): Money was real (Grain). It decayed. This forced trade (Velocity), keeping the economy alive, but made accumulation difficult. **2. The Dead Era (Gold):** Value became **Geological**. It froze. This optimized for Kings (Hoarding) at the expense of Circulation. **3. The Hallucination Era (Fiat):** Value became **Theoretical**. We decoupled the money supply from physical constraints, creating infinite liquidity on a finite planet. **4. The Furnace Era (Crypto v1.0):** Bitcoin attempted to re-anchor trust by burning energy. Value became **Entropic**.

The Proposal: FLUX A currency designed as a **Current**, not a Stone.

1. **The Anchor:** 1 Flux = **1 kWh of Deliverable Energy Capacity**.
2. **The Engine:** Unused currency **decays** (-1%/month).
3. **The Loop:** Decay funds a **Counter-Cyclical Dividend**.

PART II: THE POLICY ARCHITECTURE

EXECUTIVE SUMMARY

Current monetary systems treat capital as a static asset, leading to liquidity traps and wealth hoarding. This paper proposes **FLUX**: a kinetic currency pegged to Energy Capacity, governed by Demurrage (decay), and stabilized by a thermodynamic Universal Basic Dividend.

Note on Coexistence: Flux is not a replacement for Fiat, but a complementary **high-velocity monetary layer** designed to stabilize liquidity and incentivize productive investment within the existing sovereign framework.

1.0 THE DIAGNOSTIC (The Stagnation Trap)

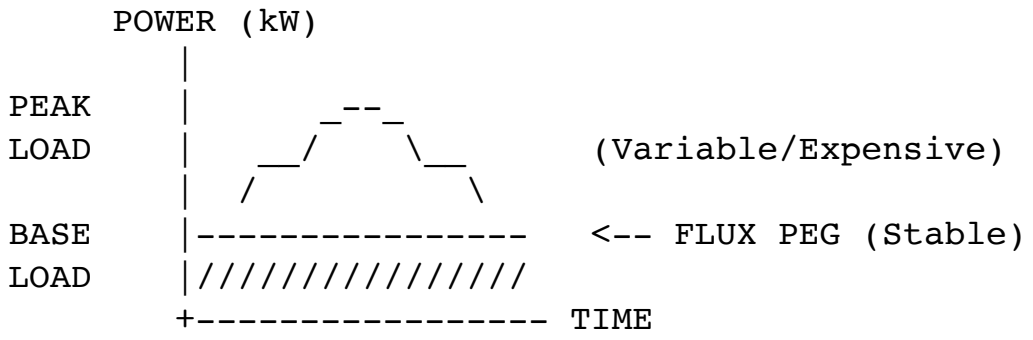
1.1 The Physics of Hoarding Standard economics encourages "saving" (stoppage).

- **The Result:** Velocity slows. Capital clots in offshore accounts.
- **The Paradox:** Central banks print liquidity, but it migrates to static asset bubbles (Real Estate) rather than the productive economy.

1.2 The Thermodynamic Error Proof-of-Work Crypto secures the ledger by maximizing waste heat. It creates artificial scarcity through destruction rather than tying value to productive potential.

2.0 THE ARCHITECTURE (The Flux Protocol)

2.1 THE PEG: DELIVERABLE GENERATION CAPACITY Definition: The Total Supply of Flux is algorithmically capped at the **Total Annual Deliverable Generation Capacity** of the Grid (kWh/yr). 1 Flux represents a transferable claim on 1 unit of that capacity.



- **Capacity Definition:** Capacity refers to **audited deliverable grid capacity** under normal operating conditions, not theoretical nameplate output. This excludes speculative expansion claims; only historically validated and auditable capacity qualifies.
- **Supply Logic:** Because supply is indexed to capacity, grid expansion increases Flux supply. In cases of sustained structural capacity loss (e.g., climate shock), contraction occurs gradually across **smoothing windows**, with the Dividend Floor preserving household survivability during the transition.
- **Verification:** Capacity is verified by **Cryptographic Metering** combined with random physical audits to ensure digital claims match thermodynamic reality.
- **Friction:** Moving Flux across zones incurs a "Transmission Tax," discouraging arbitrage and encouraging local circulation.

2.2 THE ENGINE: DEMURRAGE (The Velocity Driver) Mechanism: Unspent Flux decays at **-1% per month**.

- **Macro-Function:** Acts as an automated "velocity driver." In recessions, holding capital becomes expensive, forcing liquidity back into the market.

2.3 THE SOCIAL SHIELD: PROTECTING THE WORKER Critically, we must differentiate between "Hoarding" (Capital Stagnation) and "Saving" (Household Safety).

- **The Small-Holder Exemption:** Wallets holding under a subsistence threshold (e.g., 10,000 Flux) are **exempt from decay**.
- **The Guardrail:** Exemption applies at the **Verified Household Identity** level rather than per-wallet to prevent synthetic fragmentation of large holdings. Corporate and institutional wallets do not qualify for the subsistence exemption.

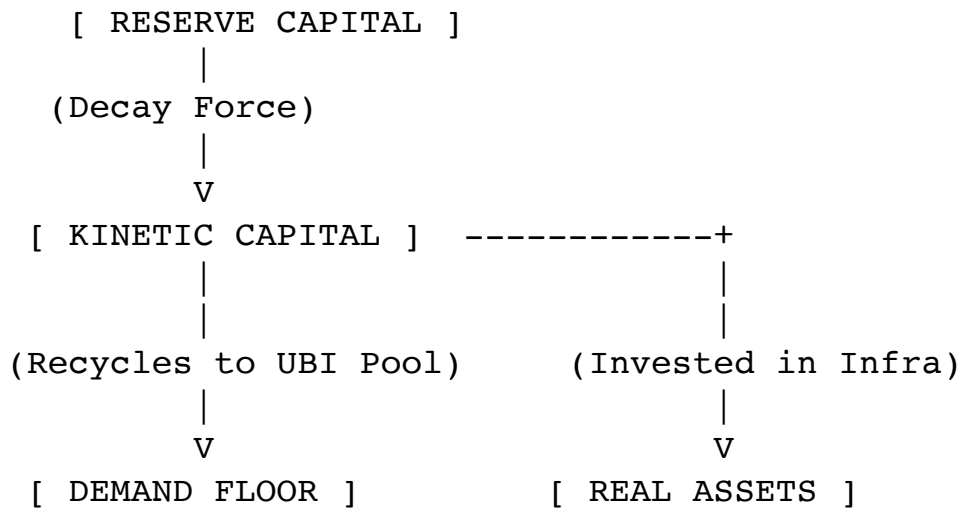
2.4 THE ESCAPE VALVE: INFRASTRUCTURE TRANSFORMATION The Rule: Flux decays. **Matter does not.**To preserve wealth, hoarders must convert Flux into **productive equity**.

- **Incentive Calibration:** The exemption threshold is calibrated as a **smooth curve** rather than a hard cliff to prevent actors from clustering behavior around a single arbitrage point.
- **Anti-Capture Protocol:** Infrastructure must meet a **Minimum Utility Threshold** (ongoing verified usage) and grant a **Tunable Commons Stake** (e.g., 5-15% public equity). This prevents "Cement Laundering" (building useless monuments to hide wealth).

2.5 THE GRAVITY FEED: COUNTER-CYCLICAL DIVIDEND Mechanism: Decay is recycled, not destroyed.

- **The Flow:** 100% of Demurrage + Friction fees flow into the **Universal Dividend Pool**.

- **The Floor:** To prevent pro-cyclical undershoot in high-velocity booms (where decay revenue drops), the dividend floor is **persistent** and cannot drop below the subsistence index even under extreme high-velocity conditions.
- **Result:** An automatic stabilizer that breathes with the economy.



PART III: GOVERNANCE & STABILITY

3.1 Who Sets the Rate? (Oversight, Not Command) The decay rate cannot be arbitrary. It is governed by a **Monetary Ecology Council** (Grid Engineers, Ecologists, Civic Reps).

- **The Role:** The Council does not set the rate directly; it **approves or rejects** algorithm-recommended adjustments within bounded ranges.
- **The Supermajority Trigger:** Any change to the base algorithm requires a 2/3rds supermajority vote.
- **The Public Veto:** Any rate change >0.5% triggers a mandatory public ratification vote.

3.2 The Credit Layer: Flux Bonds How does lending work if currency decays?

- **Zero-Interest Infrastructure Bonds:** Because holding cash is a loss (-1% monthly), lenders are incentivized to buy **0% Interest Bonds** just to preserve capital.
- **Result:** The cost of capital for public works drops to near zero. The "Time Value of Money" inverts.

PART IV: DEPLOYMENT ROADMAP

Phase 1: The Port City Pilot (Logistics Economy)

- **Why:** Ports have high energy turnover and high transaction velocity.
- **Mechanism:** Port Authority accepts fees in Flux; local logistics firms use Flux for clearing.
- **Goal:** Prove the "Local Multiplier Effect."

Phase 2: The Disaster Recovery Zone

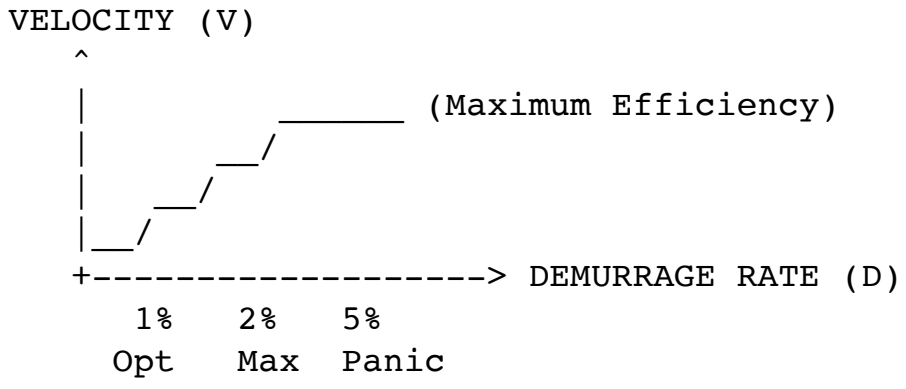
- **Why:** Post-disaster zones suffer from a liquidity crisis (cash disappears).
- **Mechanism:** Emergency decay is **selectively intensified** only on **large reserves**, while small-holder wallets remain protected. This forces immediate capital deployment for reconstruction without penalizing victims.
- **Goal:** Prove the "Velocity Shock" capability.

Phase 3: The National Layer

- **Target:** National adoption. Flux acts as the "High Velocity" layer of the economy, coexisting with sovereign Fiat.

PART V: QUANTITATIVE MODELING (Conceptual)

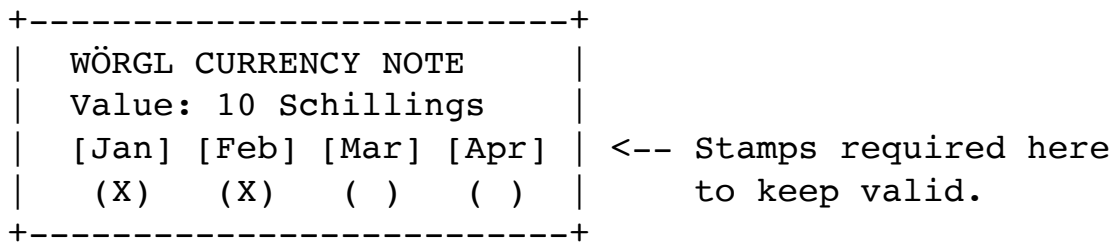
5.1 The Velocity Curve As the Demurrage Rate (D) increases, the Velocity of Money (V) follows a **Logistic Function**.



- **Optimal D (1-2%):** "The Sweet Spot." Velocity doubles; infrastructure investment maximizes.
- **Excessive D (>5%):** Panic spending. Capital flight triggers.

PART VI: HISTORICAL PRECEDENT

Case Study: The Miracle of Wörgl (Austria, 1932) During the Depression, the town of Wörgl issued stamps that decayed monthly.



- **Mechanism:** 1% monthly decay.
- **Outcome:** Unemployment -25%. Velocity 14x national average. Infrastructure boom.
- **Lesson:** Demurrage works for velocity.

Case Study: The WIR Bank (Switzerland)

- **Mechanism:** Parallel complementary currency for SMEs.
- **Outcome:** Counter-cyclical stability.
- **Lesson:** Flux can successfully coexist as a "Stabilizer Layer" beneath Fiat.

APPENDIX: ADDRESSING CRITICS (Adversarial Defense)

Objection A: The Austrian School ("This is Inflation!")

- **Rebuttal:** Demurrage is not inflation. Inflation creates *new* money, devaluing the old. Demurrage *recycles* existing money. The money supply remains constant relative to Energy Capacity. It is **Velocity**, not Inflation.

Objection B: The MMT School ("Taxes Drive Money, Not Energy")

- **Rebuttal:** Flux is compatible with MMT. You can pay taxes in Flux. In fact, Demurrage acts as a continuous, automated wealth tax that requires no IRS audit, making it the most efficient fiscal tool possible.

Objection C: The Crypto-Libertarian ("This is Theft!")

- **Rebuttal:** Theft is taking value without consent. Flux is opt-in. You choose to hold Flux for its utility (liquidity). If you want to "Store Value," you are free to convert Flux into **Equity** (Private Property). Flux respects property rights; it simply rejects **Hoarding Rights**.

PROJECTED OUTLOOK

The Kinetic Age The transition to Flux represents a shift from **Geological Economics** (mining/hoarding) to **Biological Economics** (flow/decay). By aligning our monetary policy with the laws of thermodynamics, we stop trying to freeze value and start learning to channel the current.

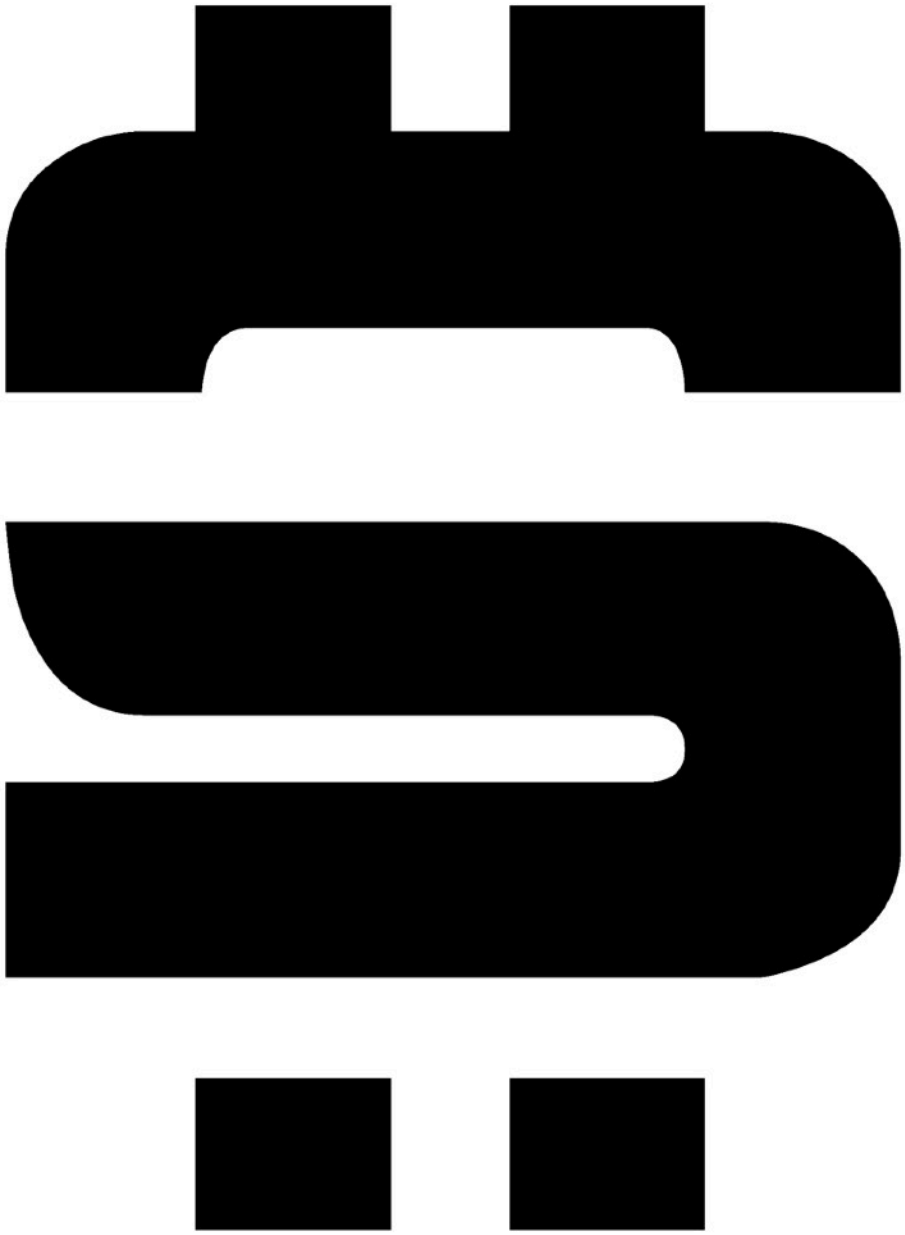
The Lesson: To capture energy, do not build a wall. Build a wire.

1st edition published here
on the Internet Archive!

Part of the Sum Bunny Canon (Ark Hive Press, 2026)

This was written through a collaboration between a human author and AI systems acting as analytical tools. The machines provided structure; the human provided judgment. Nothing appears here that the author did not personally create, refine, choose, and claim.

HEY JOSIANE,
I DON'T CARE TOO MUCH FOR MONEY.
SUM BUNNY LOVES YOU!!!



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